

REGULAR MEETING OF THE COUNCIL
CITY OF AMITY, OR

Minutes

Regular Meeting of the City of Amity City Council was held at 7:00 p.m. on Wednesday, June 2, 2021, in the Council Chambers, City Hall, 109 Maddox, Amity, Oregon.

Councilors Present:

Councilor Rachel King, Councilor Sandy McArthur, Councilor Napua Ann Rich, Councilor April Dyche, Councilor Robert Andrade (late) and Mayor Ryan Lehman

Councilors Present via Zoom

None

Councilors Absent

None

Staff Present

City Administrator Mike Thomas, City Recorder Tasha Johnson and City Clerk Chrisy Worthington

CONSENT AGENDA:

Councilor Rich moved to approve the Consent Agenda. Councilor McArthur seconded and with no discussion motion passed 5-0.

CITIZEN COMMENTS/QUESTIONS:

- A. Yamhill County Sheriff's Report: YCSO was present via Zoom. Deputy High updated Council regarding new Deputy taking over for Deputy Bartlett as our new assigned Deputy. He went over some of the different cases that happened within Amity in the last month and where the investigations stand.

Mayor Lehman expressed his concern regarding the turnover with deputies and asked what the YCSO will do to ensure Amity retains the same deputies going forward. Deputy High stated there is no guarantee on deputy retention and turnover. Mayor Lehman reiterated his perception that less deputy turnover improves community policing and his desire to keep that robust into the future. Deputy High answered that they agree with that perception and do try to minimize deputy turnover.

Councilor Rich let Deputy High know she appreciates the coverage and understands the difference between having contracted coverage versus own local police officers. Councilor Rich asked for further details about the monthly crime statistics report and how the numbers are reported. Deputy High explained how they derive the crime stats and what the numbers represent.

Councilor Dyche thanked him for his time and effort they are putting in. There were no more comments or questions for the YCSO.

- B. DIG Report: Erin Rainey with DIG updated Council regarding the annual installation of the hanging baskets and that they enjoyed seeing the high school seniors' banners. There were no further comments or questions for DIG.

- C. Citizen Comments: There were no public comments.

OLD BUSINESS:

- A. Resolution 2021-02 Deed Agreement with ODOT: City Administrator Thomas presented the Council the answers to their questions of ODOT, from the last meeting, regarding the deeds. Once presented, Councilor King moved to approve Resolution 2021-02, transferring the City's deed claims to the Oregon Department of Transportation. Councilor Rich seconded and Councilor King thanked Administrator Thomas for obtaining the Council's additional requested information. Mayor Lehman then stated that he appreciated the maps but added that he thought they would have originally included the maps. With no further discussion the motion passed 5-0.

- B. Extension or Cancellation of the COVID Emergency Declaration: City Administrator Thomas updated Council on the status of the County's and State's COVID emergency declarations. Based on the current state of the pandemic he recommends canceling the COVID Emergency Declaration. He stated further that if the pandemic resurges, then the Council can re-declare Emergency. Councilor Rich explained what Emergency Declaration entails and where the County numbers are currently in the region. Councilor Rich moved to end the Emergency Declaration 2020-02 and terminate the additional authorities granted therein. Councilor McArthur seconded and with no further discussion motion passed 5-0

NEW BUSINESS:

- A. Resolution 2021-10 for New Sewer Rates: City Administrator Thomas went over the budget process thus far and the necessity for Resolution 2021-10 increasing the City's sewer rates. CFO Kathy Taylor (via ZOOM) elaborated that the City's SDC fund has been covering the sewer fund's losses, but this SDC fund ran out of available money to transfer to cover sewer losses. Sewer revenue no longer covers the expenses and does not pay for the debt service required. CFO Taylor stated that typically, there needs to be increases in sewer rates every year to build the reserves in the fund, but Amity has not had any increases. Therefore, we require a bigger increase; it is to make up for the previous years of no increases.

Mayor Lehman added that each fund must pay for itself, and unfortunately the sewer fund is in the position it is today due to prior decisions of by City. He vocalized that the City Council cannot approve a new annual budget that shows a negative balance (or loss). He expressed the concerns of the community by raising the rates, as he, the Administrator, and each Councilor pay the rates, too, and it is going to be a financial strain for everyone.

Councilor King added that they all looked over the budget and determined that this is necessary for the city to do. It is not what they want to do.

Councilor Andrade asked if our neighboring cities have similar sewer rates. Administrator Thomas said he would have to check and report back to Council. Councilor Andrade asked if we would still have had to raise the rates this high if previous staff and council had

established periodic rate increases. Mayor Lehman explained that we are comparable, but that we should have raised rates previously. CFO Kathy Taylor concurred, also stating that Amity is playing catchup, having not raised rates previously.

Councilor Rich went on the record to state that previous Councils did not do anything wrong and were not negligent in their decision making. She stated that it was known that previous Councils were focused on deferring increases on the citizens. Now, all the prior funds that we used have decreased leaving us no other choice but to raise rates. She does not want to blame past Councils and staff, as this is just what happened.

Councilor Dyche explained looking at budget there is no other choice; knowing we must have more revenue to balance the budget. Councilor Andrade agrees with Councilor Dyche, that Council's hands are tied, even though it is going to be hard on the community.

Mayor Lehman let Council know that other cities are all facing the same issues, increasing costs and a need to raise rates. He added that while past Councils and Staff were trying to safeguard the citizens, conditions have changed and now there is no other option but to raise the sewer rate. City must balance the budget.

Councilor King then added that she spoke with YCAP, and they have resources to assist our residents with their bills. She will check the resources available and will get the info out to the community.

Councilor Andrade acknowledged that next year Council needs to do even more diligence in reviewing the proposed budget. Mayor Lehman agreed but went on to state that the city is looking at the budget and this increase will balance the budget and future increases will help stabilize the budget. He thinks the City is going down the right road and in the future Amity should be building up the needed reserves for the sewer fund. Councilor Rich added that the city needs a functional infrastructure making it necessary to raise the rates. She appreciates that Mayor Lehman has scheduled a town hall meeting for the citizens to come and hear about the rate increase and get informed.

Councilor Rich moved to approve Resolution 2021-10 raising sewer rates. Councilor Andrade seconded. Mayor Lehman opened things to discussion and at this point City Administrator Thomas asked if the Mayor would allow for citizen comments.

Mayor Lehman allows public commentary. First, resident Andrea B. asked about the City's long-term plans. She stated she did some simple math, and the rate increases may not hold up over the next 5 – 10 years. She wanted to know if there was a plan in place to have routine increase and if that was the reference to a future 2% rate increase. Mayor Lehman stated that the 2% increase would be routine to keep the city ahead going into the future. He also explained the mandate for a sewer rate study. Councilor King expounded that the rate study is designed to look long-term. Mayor Lehman added that this is a temporary solution until the professionals get the sewer rate study completed and provide a better plan. Ms. Andrea B, then asked Council if there are checks and balances for long term to ensure future Councils keep the budget balanced. She then asked about the water project. Council answered these questions.

Next, Citizen Byron V. thanked staff and Council for getting the water bills out sooner and working on this rate increase. He stated that the city will get through the rate increase.

Citizen Erin R. then asked if there was some type of change to the City's budgeting process that now requires the city to balance each individual budget function. change in the system to where the sewer fund now must take care of itself. Mayor Lehman and Administrator Thomas both explained how the funds work and what was being done to help the sewer fund, to include the need to tie rate increases to the Consumer Price Index (CPI), which has changed in the last few years. With no further discussion motion passed 5-0.

B. Resolution 2021-09 – Fair Housing: City Administrator went over background regarding Resolution 2021-09. The Resolution is a component of our Community Development Block Grant Closeout process. Councilor Dyche moved to approve Resolution 2021-09, a Resolution Supporting Assisted Housing Programs. Councilor McArthur seconded motion and with no further discussion motion passed 5-0

C. Resolution 2021-07 – Worker's Compensation Coverage: City Recorder Johnson went over the background regarding Resolution 2021-07. Councilor Dyche moved to approve Resolution 2021-07, a Resolution extending the City of Amity's Workers' compensation coverage to volunteers of the City of Amity. Councilor McArthur seconded motion and with no further discussion motion passed 5-0.

D. Decision Regarding Audit and Accounting - Type and Costs: City Administrator Thomas gave background regarding the Audit and our Accounting practices. Mayor Lehman explained by switching to Accrual is more fiscally responsible for the city. Administrator Thomas elaborated on the necessity for the change in audit types. Mayor Lehman let council know the reason why the city explored the option to go to accrual and that it was brought up in previous audits for the city to be on accrual.

Councilor King pondered the difference between a cash basis being more short-term decision and accrual is a long-term decision and then she asked if the reason to stay with cash is because the city doesn't have the funds for the accrual audit now? She asked if that is why City Staff is requesting to go back to cash basis? Administrator Thomas said the cost is a driving factor for the switch. He then stated that another reason is City Recorder Johnson has not been able to be fully trained to convert to an accrual basis audit. CFO Taylor explained further and eventually the city will need to go to accrual basis audit.

Councilor King asked if Staff is recommending starting the beginning of fiscal year on an accrual basis. CFO Taylor explained how the city would need to move to accrual basis and that the city is already 90% there. Councilor King explained the books are on accrual and closeout audit as cash but keep accounting as accrual and look for another auditor. Administrator Thomas explained he will seek another auditor. But he said another auditing firm may have to start from scratch. CFO Taylor explained further that this is not a pressing crisis to close out audit on cash basis. Mayor Lehman's concern is prior to having CFO Taylor the budget was a mess. He can't support going back to cash basis having come this far to align our finances. He thinks it would be prudent to continue down the path to go fully accrual but understands the need for a cash basis. Next, he expressed his thought that

based on the quoted cost, the auditing firm does not want our business.

Councilor Andrade asked for Administrator Thomas to explain his thoughts for the switch and the need to do this change now. Administrator Thomas agrees with Mayor Lehman but being concerned about the cost and the lack of training over the last year (due to COVID), the change is needed. But sooner than later we will need to align both the accounting and auditing process. Councilor Andrade agrees with Administrator Thomas. Administrator Thomas explained further and why he brought it up to the Council for their decision, that he didn't it was within his authority to approve a doubling of the cost of the audit unilaterally. Councilor Andrade doesn't think it's not fair to add the change to staff right now and not the right time to change to accrual basis audits. Administrator Thomas concluded by explaining some of the extra cost for this audit.

Councilor Dyche asked if the city could close out this fiscal year, move to accrual and look for new auditing firm. She then wanted to confirm the cost could possibly not be another 15k for an accrual audit? Councilor King explained she is ok with closing audit as cash basis this year and go to accrual basis next year and City Recorder Johnson will have time to train this upcoming year. Councilor Dyche suggested close audit cash basis and look for new auditor in the meantime. Administrator Thomas explained regarding the single audits for the foreseeable future and that they are their own audit and cost, but overall, he was in agreement with their plan.

Councilor Rich moved to direct City Staff to close out this fiscal year and conduct the audit through Grove, Mueller & Swank P.C. using a cash basis accounting method and report back to Council in six months with a plan of training with steps being made toward moving to accrual-based system. With no second motion dies.

Councilor King asked if the recommended motion is to move back to cash basis account system. City Administrator explained what he meant, and his goal is to keep the accounting system as is, do the cheaper audit and push everything down the road. Councilor King asked for confirmation regarding the city being on accrual and cash basis City Recorder explained the city is running on both cash basis and accrual basis. CFO Taylor confirms this and fully explained the City's accounting and auditing process. She stated the city did both cash and accrual basis. While this is not necessarily bad, she does recommend we reach out and look for other auditing firm. She doesn't think at this time it is a time sensitive issue and that the City could conduct a cash basis audit.

Councilor Rich moved to direct City Staff to close out this fiscal year and conduct the audit through Grove, Mueller & Swank P.C. using a cash basis accounting method and report back to Council in six months with a firm training plan to move towards accrual accounting method. Councilor King seconded. Mayor Lehman voiced his concern that this vote is putting this off to next year and his recommendation for staff is that the city gets their ducks in a row. He desires City Staff to be ready to complete an accrual audit next year, and to complete any remaining conversions to accrual accounting, as well. He reminded Council the reason why they voted to go to accrual accounting.

Councilor Dyche moved to amend the motion to revisit this topic at the August Council meeting so Council can address the issue before the fall, based off of CFO Taylor's recommendation to move to a new auditor. Councilor Andrade asked Mayor Lehman for clarification; was the Mayor's recommendation to Staff invalidating the motion and amendment by changing it. Mayor Lehman explained he is not changing anything to the motion. Councilor Andrade asked for further clarification regarding motion. Mayor Lehman explained he is just making a recommendation for staff. Councilor Andrade explained why he thought Mayor Lehman was making change to motion. Mayor Lehman explained further what he was meaning with his recommendation and Council is going different direction then the original motion regarding closing out this year's audit at a previous meeting.

Councilor Dyche moved to make amendment to motion to move up the timeline to August Council meeting and to revisit the issue with our current auditing firm and accrual method and finding a new auditing firm at that time. Councilor McArthur seconded. Councilor Andrade asked to put on record that is not comfortable with how the motion and amendment were put forward and he is going to abstain from voting. Mayor Lehman went back to original motion for Council to vote on to close out this fiscal year and conduct the audit through Grove, Mueller & Swank P.C. using a cash basis accounting method and report back to Council in six months with a firm training plan to move towards accrual accounting method. He then stated that the amendment merely moves the report back to Council from 6 months to August. Plus, City Staff needs to search for a new auditor and work towards moving towards accrual accounting basis. With no further discussion motion passed 4-0 with 1 abstain.

- E. PUBLIC HEARING – Budget FY 2021-2022: Mayor Lehman opened the Public Hearing and read the script. There were no public comments. Mayor Lehman closed the public hearing.
- F. Resolution 2021-204– Adopting the 2021-22 Fiscal Year Budget Appropriations: Mayor Lehman went over background. Councilor King moved to approve the budget as described by the City Administrator and approve Resolution 2021-04, a Resolution Adopting the 2021-2022 Fiscal Year Budget, Making Appropriations, and Levying and Categorizing Ad Valorem Taxes for the City of Amity for the 2021-2022 Fiscal Year. Councilor Rich Seconded and with no further discussion motion passed 5-0.
- G. Resolution 2021-05 – Election to Receive State Revenue Sharing: Mayor Lehman went over background regarding Resolution 2021-05. Councilor Dyche moved to approve Resolution 2021-05, a Resolution declaring the City of Amity's election to receive State Revenues for fiscal year 2021-2022. Councilor McArthur seconded and with no further discussion motion passed 5-0.
- H. Resolution 2021-06 – Certifying the City Meets all Requirements to Receive State Shared Revenue: Mayor Lehman went over background regarding Resolution 2021-05. Councilor Rich moved to adopt Resolution 2021-06, a Resolution certifying that the city of amity meets all requirements to receive state shared revenues for FY 2021-22, Councilor McArthur seconded and with no further discussion motion passed 5-0.

DEPARTMENT REPORTS:

City Administrator Report: Administrator Thomas submitted his report and reminded council regarding evolution. Administrator Thomas thanked City Clerk and City Recorder for their recommendation to conduct expanded advertising for this meeting. There were no comments for him.

City Recorder/Treasurer Report: City Recorder Johnson submitted her report and had nothing to add. There were no comments for City Recorder.

Public Works Report: Superintendent Mathis submitted his report and was not present at the meeting and nothing to add. Councilor Andrade asked regarding spraying the weeds between the sidewalks and the streets. City Administrator Thomas will ask Public Works. There were no further comments for Public Works.

Library Report: Librarian Jenkins submit her report late and was not present at the meeting. Councilor Rich asked what the live performance is scheduled at the park. Administrator Thomas explained why we have the live performance. Councilor King let Council know anyone can go to the live performance. Mayor Lehman asked Administrator Thomas to let Librarian know to submit report earlier. There were no further comments for the library.

City Engineer Billing Report: Billing report submitted and there were no comments.

City Attorney/Planner Billing Report: Billing report submitted and there were no comments.

BUSINESS FROM THE MAYOR & CITY COUNCILORS:

Mayor's Comments: Mayor Lehman reported the water project is stalled. Waiting on the Tribe and USDA and they are scheduled to have a meeting regarding the project tomorrow. He has requested Administrator Thomas to reach out to the paper next week to update citizens on where water the project is. He suggests that if problems continue with the water infrastructure, he may declare a water emergency. He doesn't think he will need to do one, but he will not hesitate to do so. There might be a possibility of water restrictions in town.

OMA is having annual conference and he is planning on attending.

Finally, he thanked Councilor Dyche, Councilor King and Councilor Andrade for answering the questions on Facebook. He hopes more community involvement at the Town Hall Meeting on June 16 and that it opens a dialogue between the residents and Council. Councilor King mentioned her concerns about engaging on Facebook and she thinks it is important to have some presence to answer questions. Councilor McArthur feels Facebook is not the place to talk about city business but to encourage people to come to meetings to discuss things in a proper forum. Personally, she says she doesn't engage anymore on Facebook, Councilor Dyche said the answering on Facebook is letting the citizens know council position open, come to meetings and they are not the previous council. Councilor Rich thinks it is okay to reply to posts along as one stays with factual information. There were no comments for Mayor Lehman.

Councilor Sandy McArthur Comments: Councilor McArthur submitted a report and had nothing to add. There were no comments for Councilor McArthur.

Councilor Robert Andrade Comments: Councilor Andrade had nothing to report. There were no comments for Councilor Andrade.

Councilor Napua Ann Rich Comments: Councilor Rich added that the Council has a vacant position and thinks Citizen B. Vollman should consider getting on the Council. There were no comments for Councilor Rich.

Councilor King Comments: Councilor King had nothing to report. There were no comments for Councilor King.

Councilor Dyche Comments: Councilor Dyche reported that the Pancake Breakfast is happening this year on July 25. There were no comments for Councilor Dyche.

Councilor Rich moved to adjourn meeting at 9:25 pm. Councilor Andrade seconded and without further discussion motion passed 5-0.

Approved by City July 7, 2021

Ryan Lehman, Mayor

Attest:

Natasha Johnson, City Recorder